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## Latin America and the Caribbean: Impact of COVID-19

The Coronavirus Disease 2019 (COVID-19) pandemic is having widespread economic, social, and political effects on Latin America and the Caribbean, a region with strong congressional interest because of deep U.S. linkages.

As of October 6, 2020, the region had almost 9.7 million confirmed cases (27% of cases worldwide) and over 357,000 deaths (34% of deaths worldwide). Brazil, Mexico, Peru, Colombia, and Argentina have the highest numbers of deaths in the region, and Brazil has the highest death toll worldwide after the United States. The rankings change in terms of per capita deaths—Peru has the highest recorded deaths per capita in the region, followed by Bolivia, Brazil, Chile, and Ecuador (see **Table 1**). Several countries have recently reported a gradual decline in cases and deaths from peaks in August 2020. Nevertheless, a University of Washington COVID-19 projection model forecasts that deaths in Latin America and the Caribbean could reach more than 500,000 by January 1, 2021.

Experts and observers have expressed concern that some countries, such as Mexico, Nicaragua, and Venezuela, are significantly undercounting their death tolls. Many observers have expressed special concern for Venezuela, where the health care system was collapsing prior to the pandemic. (See CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*).

When the pandemic first began to surge in the region in May 2020, the Director of the Pan American Health Organization (PAHO), Dr. Carissa Etienne, expressed concern about the poor and other vulnerable groups at greatest risk, including particular concern for those living in cities, towns, and remote communities in the Amazon Basin (including indigenous communities), people of African descent, migrants in temporary settlements, and prisoners in crowded jails. In July 2020, PAHO issued an alert urging countries to intensify effort to prevent further spread of the virus among indigenous communities in the Americas. In September 2020, PAHO warned about increasing cases in Central America and the Caribbean.

### Economic Impact

Before the pandemic, the International Monetary Fund (IMF) projected 1.6% economic growth for the region in 2020 but forecast a recession for several countries. On June 24, 2020, the IMF revised its regional forecast to a contraction of 9.4%, with almost every country in recession. Economic recovery may be a protracted process in countries that rely heavily on global trade and investment, which the pandemic is significantly affecting. Oil-producing countries in the region, especially Venezuela and Ecuador—and, to a lesser extent, Brazil, Colombia, and Mexico—are being negatively affected by the historic drop in the price of oil that began in late February 2020. Caribbean nations that depend on tourism face deep

economic recessions, with a projected gross domestic product decline of 10.3% in 2020, according to the IMF.

The decline in economic growth in 2020 is expected to exacerbate income inequality and poverty throughout the region. Latin America was already the most unequal region in the world in terms of income inequality, according to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC). ECLAC projects that in 2020, inequality will rise in all countries, with the worst results in the region's largest economies—Brazil, Mexico, and Argentina. According to a July 2020 U.N. report, poverty is expected to increase from 30.3% of the region's population in 2019 to 37.2% in 2020, an increase of 45 million people (to 230 million people total).

**Table 1. COVID-19 Deaths and Mortality Rates in Latin America and the Caribbean (LAC)**

(countries with more than 1,000 deaths, as of Oct. 6, 2020)

Country	Deaths	Deaths per 100,000	Regional Rank (deaths per 100,000) Error! Reference source not found.
Brazil	146,675	70.02	3
Mexico	81,877	64.88	6
Peru	32,742	102.35	1
Colombia	26,844	54.07	8
Argentina	21,468	48.25	9
Chile	13,037	69.61	4
Ecuador	11,681	68.37	5
Bolivia	8,129	71.6	2
Guatemala	3,302	19.14	14
Honduras	2,433	25.38	10
Panama	2,430	58.18	7
Dom. Rep.	2,144	20.17	12
<b>Total LAC</b>	279,788	—	—
United States	184,664	56.44	—

**Source:** Johns Hopkins University School of Medicine, Coronavirus Resource Center, "Mortality Analyses," October 6, 2020, updated daily at <https://coronavirus.jhu.edu/data/mortality>.

- a. The Bahamas had 24.29 deaths per 100,000, 11<sup>th</sup> highest in the region, and Costa Rica had 19.74 deaths per 100,000, 13<sup>th</sup> highest in the region.

The World Bank had predicted in April 2020 that remittances from abroad to Latin America and the Caribbean would decline by over 19% in 2020. There are some indications, however, that remittances began to rebound in June and July 2020. The labor markets of many Latin American countries have high rates of informality, with many workers living without a safety net, making it difficult to design programs that reach and provide adequate assistance to these workers.

Although a number of countries in the region have implemented stimulus programs to help protect their economies and vulnerable populations, many countries may struggle to obtain the financing necessary to respond to the severe economic downturn. In response, the international financial institutions are increasing lending to countries throughout the region. Examples include

- The Inter-American Development Bank is making available up to \$12 billion, including \$3.2 billion in additional funding for 2020 and the remainder in reprogrammed existing health projects. It is providing lending support in four priority areas: the immediate public health response, safety nets for vulnerable populations, economic productivity and employment, and fiscal policies for the amelioration of economic impacts.
- The World Bank, as of October 2, 2020, reported that it is providing almost \$4.5 billion to 20 Latin American and Caribbean countries. The assistance focuses on minimizing the loss of life, strengthening health systems and disease surveillance, mitigating the pandemic's economic impact, and addressing supply-chain issues and delivery. Over the next 15 months, countries in the region also may benefit from a portion of the \$160 billion in worldwide assistance the bank is providing.
- The IMF, as of October 2, 2020, approved \$63.6 billion in lending to 20 countries in the region contending with the pandemic's economic impact, including Chile, \$23.9 billion; Colombia, \$16.9 billion; Peru, \$11 billion; and Ecuador, \$7.1 billion.
- The Development Bank of Latin America, as of July 2020, is providing \$4.9 billion in financing to address the effects of the pandemic across the region.

### Political Impact

Even before the pandemic, public satisfaction with the quality of democracy in several Latin America and Caribbean countries was eroding. The 2018-2019 AmericasBarometer public opinion survey showed the lowest level of satisfaction with democracy since the poll began in 2004. Several broad political and economic factors have driven the decline and help explain the eruption of social protests in the region in 2019. Political factors include an increase in authoritarian practices, weak democratic institutions, politicized judicial systems, corruption, and high levels of crime and violence. Economic factors include stagnant or declining growth; high levels of inequality and poverty; and inadequate public

services, social safety net programs, and advancement opportunities. The COVID-19 pandemic could exacerbate these factors, contribute to further deterioration in political conditions, and stoke social unrest similar to that in 2019. Human rights groups and other observers have expressed concern about leaders taking advantage of the pandemic to advance their own agendas. In El Salvador, critics accuse President Bukele of exploiting the health crisis to pursue his aggressive anti-gang policies. In Bolivia, the interim government twice postponed presidential elections, prompting widespread protests. In Venezuela, the government and security forces have used a state of emergency imposed to curb the spread of the virus as an excuse to crack down on dissent.

### U.S. Policy Considerations

**Foreign Aid and Support for PAHO.** In light of the pandemic and its economic and social effects, policymakers may consider the appropriate level of U.S. foreign assistance for the region and for PAHO, which has played a major role in supporting the response to COVID-19 in the Americas. The Administration's FY2021 budget request—released prior to the pandemic—included \$1.4 billion in foreign assistance for the region, about an 18% decline from the estimated amount appropriated in FY2020. The request included almost \$133 million in Global Health Programs assistance for the region, 37% less than the FY2020 estimate. In addition, the Administration requested \$16.3 million for PAHO, almost a 75% cut from estimated appropriations in FY2019.

In March 2020, Congress passed two supplemental appropriations measures—P.L. 116-123 and P.L. 116-136—that provided nearly \$1.8 billion in aid to respond to COVID-19 globally. As of August 21, 2020, the Administration said it was providing \$141.35 million in new and previously announced assistance to help countries in the region respond to the pandemic, including \$103.3 million in humanitarian assistance, \$27.6 million in health assistance, and \$10.45 million in economic aid. The House foreign aid appropriations bill, H.R. 7608, passed July 24, 2020, would fully fund the U.S. assessed contribution of \$65.2 million to PAHO in FY2021 and provide \$9.1 billion in emergency aid to respond to COVID-19 worldwide. (See CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*.)

**Sanctions.** Some U.N. officials, human rights organizations, and Members of Congress have called for U.S. economic sanctions on Venezuela and Cuba to be waived during the pandemic. The Treasury Department released a fact sheet in April 2020 maintaining that U.S. sanctions programs generally allow for legitimate humanitarian-related trade and assistance. At the same time, the Trump Administration has continued to increase economic sanctions on both countries.

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